

CENTRAL INTELLIGENCE AGENCY
INFORMATION REPORT

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SUPPLEMENT TO
REPORT NO. [REDACTED]

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1. Dr. Roman Cereijo, Minister of Finance, has been greatly concerned over the growing number of large firms which have been plagued with labor strife and lack of raw materials and now find they have to suspend operations. Daily reports to the Minister reveal that a considerable number of workers are leaving their jobs in the packing firms, shipping companies, and metallurgical plants to seek work in other factories. Many firms are operating on a week-to-week basis.
2. Cereijo has also received reports from the rural districts defining the labor conditions which exist on many small farms throughout Argentina. These reports contain statistics, based on the salary scale of the day laborer working on small farms, which show that the salaries paid to these laborers are at least 20 to 45 percent below the level set forth in the statutes approved by the Ministry of Labor and Welfare.
3. Peron has been communicating by telephone with Miguel Miranda, former president of the National Economic Council, in an effort to unravel some of the complicated economic entanglements which originated during Miranda's term of office.
4. Vice President Hortensio Quijano expects an economic crisis in Argentina by the end of 1949 or the beginning of 1950 if the economic situation does not improve immediately. Individuals in the Casa Rosada have admitted that unless Argentina and Great Britain reach an agreement on the meat negotiations the resulting economic crisis might precipitate the fall of the Peron regime. Argentina's commercial negotiations with other countries are being affected by the British negotiations because the Argentine government is reluctant to make any commitments either in purchases or sales while the negotiations are unsettled.
5. Dr. Jeronimo Remorino, Argentine Ambassador to the United States, has received specific instructions to improve business relations with the United States. The army has been exerting heavy pressure on Peron in an attempt to persuade the president to do everything possible, short of conceding on questions of sovereignty, to obtain material from the United States. The continuance of the Argentine rearmament program now in progress is at stake because of the Argentine government's necessity to import supplies from the United States.

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- 25X1X 6. According to certain individuals in the Casa Rosada, Peron's 1 May address before the Argentine Congress was meant to be interpreted as anti-United States. Newspapermen close to the Casa Rosada believe it is obvious that a crisis of any nature which occurs in Argentina will be blamed on the United States. This propaganda is primarily for internal consumption. [REDACTED] the Argentine government is fully prepared to blame the United States for any economic collapse in Argentina.
7. Relations between Peron and the army have improved. However, Humberto Sosa Molina, Secretary of National Defense and Acting Minister of the Army, holds the reins in army circles. Sosa Molina, not Peron, controls the Campo de Mayo military establishment and Sosa Molina would turn against Peron if it were expedient to do so. Peron has adopted a more conciliatory attitude toward the army, which in recent weeks appears to have authority to do what it pleases. Colonel Enrique Gonzales, director general of immigration, has been keeping a close watch on Peron's activities on behalf of the army.
8. The Nationalist leaders General Filomeno Velazco and General Oscar Silva possess considerable support in both the army and among political elements in the interior of the country. Velazco, as governor of Corrientes Province, is in a favorable position to start a revolutionary movement which could spread to other parts of the country.
- 25X1X 9. Peron's and Mrs. Peron's position has been steadily deteriorating. At present they must rely for their support almost entirely on the labor masses. Some usually [REDACTED] Peron has reached the end of his rope and may resign because of ill health within the next few months.
10. Casa Rosada physicians have ordered Peron to slow down his activities. They fear a heart condition might result if he continues his present pace.
11. Quijano has expressed concern over the possibility that some Nationalist leader may suddenly appear on the political horizon and cause trouble for the government.
12. As a result of Sub-Secretary of Press and Propaganda Raul Alejandro Apold's publicity boycott against Foreign Minister Juan Atilio Bramuglia, the latter has advised President Peron that he will not attend any cabinet meeting if Apold is present. Apold, a protege of Mrs. Peron, has been the Foreign Minister's chief source of irritation. The boycott was discussed recently by Bramuglia and Peron. Vice President Quijano, who attended the discussion, expressed displeasure at Bramuglia's treatment.
13. Juan Duarte, Peron's private secretary and Mrs. Peron's brother, is in line for a diplomatic assignment to the Argentine Embassy in Switzerland. Two reasons currently circulating in Casa Rosada circles for Duarte's proposed assignment are:
- a. to avoid investigation of his financial machinations;
 - b. to enable him to supervise disposition of the accumulated funds he and Mrs. Peron have banked in Argentina.
- 25X1A [REDACTED] Comment. An unconfirmed report indicates that a meat agreement has been reached but will not be announced for two or three days.
- 25X1A [REDACTED] Comment. A strong feeling exists among Argentine observers that an economic and political crisis will develop before the end of 1949. There is no question but that Peron's party is losing ground and that unrest is growing

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but it is impossible to predict just how soon an explosion can be expected. An actual overthrow of the government is unlikely because of the lack of a well organized opposition. The army may be expected to continue to apply pressure for cabinet changes, a curtailment of Mrs. Peron's activities, and a firmer labor policy, but it will avoid ousting Peron. The present tense situation in Argentina could continue for several more months.

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